

ORG. UNIT: 1011

BUDGET: County Executive-General Office

FINANCE & AUDIT COMMITTEE HEARING DATE: October 20, 2005

CASSETTE NO. 10, SIDE A, #354

STAFF PRESENT:

County Board: Steve Cady
Department of Administration: Emily Van Dunk
County Executive: Jim Villa, Chief of Staff

This budget was laid over on October 17, 2005.

Discussion ensued with questions and comments.

ACTION BY: (Broderick) Amend the budget by deleting the position of Administrative Secretary-Director of Communications. 2-5 (FAILED)

AYES: Broderick & Nyklewicz (Chair) - 2

NOES: Coggs-Jones, McCue, Mayo, Johnson, & West - 5

ACTION BY: (Coggs-Jones) Approve the budget as recommended by the County Executive. 5-2

AYES: McCue, Coggs-Jones, Mayo, Johnson, & West - 5

NOES: Broderick & Nyklewicz (Chair) - 2

Delores "Dee" Hervey

Delores "Dee" Hervey, Committee Clerk

ORG. UNIT: 1192

BUDGET: DAS-Economic and Community Development

FINANCE & AUDIT COMMITTEE HEARING DATE: October 20, 2005

CASSETTE NO. 10, SIDE A, #468

STAFF PRESENT:

County Board: Steve Cady

Glen Bultman

Department of Administration: Emily Van Dunk

County Executive: Ed Eberle

APPEARANCES: Robert Dennik, Director, Economic and Community Development
Division

Dan Schreiber, Fiscal & Management Analyst, Economic and
Community Development Division

Marina Dimitrijevic (District 4)

This budget and two amendments (1A021 and 1A022) by Supervisor Mayo were laid over on October 17, 2005.

Supervisor Mayo WITHDREW Amendments 1A021 and 1A022, copies of which are attached to the original of these minutes.

ACTION BY: (McCue) Approve Amendment 1A024 by Supervisor McCue as set forth below. 2-5 (FAILED)

AYES: McCue and Broderick - 2

NOES: Coggs-Jones, Mayo, Johnson, West and Nyklewicz (Chair) - 5

By Supervisor McCue

To amend the County Executive's 2006 Recommended Budget for Org. No. 1192 – Department of Administrative Services – Economic and Community Development and Org. No. 5080 – Architectural, Engineering and Environmental Services by transferring the appropriation of \$50,000 for a study of the efficiency of Milwaukee County's golf courses to Architectural, Engineering and Environmental Services for the development of an erosion control plan for the county-owned portion of Milwaukee County's lakefront for no tax levy effect:

- Modify the seventh bullet on page 1192-4 as follows, for a tax levy decrease of \$50,000:
 “Service expenditures rise by \$347,350. A payment of \$275,000 to the state for its share of the increased parking revenue represents the majority of this increase. In addition, ~~\$50,000 is budgeted to undertake a study of the efficiency of the county’s golf courses;~~ \$50,000 is budgeted for a study on behalf of the Behavioral Health Division of the Department of Health and Human Services to identify potential alternative locations for its inpatient, crisis and nursing home operations and/or to house its administrative program staff; and \$25,000 is budgeted for the County to take part in a Greater Milwaukee Committee for a study of regional growth initiatives.”

This amendment would result in a tax levy decrease of \$50,000.

Supervisor McCue in Chair.

ACTION BY: (Nyklewicz) Approve amendment 1A027 as set forth below. 5-2

AYES: Nyklewicz, Coggs-Jones, Broderick, West, and McCue (Chair) - 5

NOES: Mayo and Johnson – 2

By Supervisor Nyklewicz

To amend the County Executive’s 2006 Recommended Budget for Org. No. 1192 – Department of Administrative Services – Economic and Community Development by decreasing expenditures by \$50,000 as follows:

- Modify the seventh bullet on page 1192-4 as follows, for a tax levy decrease of \$50,000 in Org. No. 1192:
 “Service expenditures rise by \$347,350. A payment of \$275,000 to the state for its share of the increased parking revenue represents the majority of this increase. In addition, ~~\$50,000 is budgeted to undertake a study of the efficiency of the county’s golf courses;~~ \$50,000 is budgeted for a study on behalf of the Behavioral Health Division of the Department of Health and Human Services to identify potential alternative locations for its inpatient, crisis and nursing home operations and/or to house its administrative program staff; and \$25,000 is budgeted for the County to take part in a Greater Milwaukee Committee for a study of regional growth initiatives.”

This amendment would decrease tax levy by \$50,000.

Org. No.	Department (or Capital Project)	Expenditure	Revenue (or Bonds)	Tax Levy
1192	DAS - Economic Development	(\$50,000)	\$0	(\$50,000)
TOTALS:		(\$50,000)	\$0	(\$50,000)

ACTION BY: (Nyklewicz) Approve Amendment 1A028 as set forth below. 6-1

AYES: Nyklewicz, Coggs-Jones, Broderick, West, and McCue (Chair) - 6

NOES: Mayo - 1

By Supervisor Nyklewicz

To amend the County Executive's 2006 Recommended Budget for Org. No. 1192 – Department of Administrative Services – Economic and Community Development by decreasing expenditures by \$25,000 as follows:

- Modify the seventh bullet on page 1192-4 as follows, for a tax levy decrease of \$50,000 in Org. No. 1192:
"Service expenditures rise by \$347,350. A payment of \$275,000 to the state for its share of the increased parking revenue represents the majority of this increase. In addition, \$50,000 is budgeted to undertake a study of the efficiency of the county's golf courses; \$50,000 is budgeted for a study on behalf of the Behavioral Health Division of the Department of Health and Human Services to identify potential alternative locations for its inpatient, crisis and nursing home operations and/or to house its administrative program staff; and ~~\$25,000 is budgeted for the County to take part in a Greater Milwaukee Committee for a study of regional growth initiatives.~~"

This amendment would decrease tax levy by \$25,000.

Org. No.	Department (or Capital Project)	Expenditure	Revenue (or Bonds)	Tax Levy
1192	DAS - Economic Development	(\$25,000)	\$0	(\$25,000)
TOTALS:		(\$25,000)	\$0	(\$25,000)

Discussion ensued.

ACTION BY: (Nyklewicz) Amend the budget by denying the creation of three positions on Page 1192-2 (Real Estate Assistant, Economic Development Specialist, Accountant 3 and Fiscal & Management 2).

Discussion ensued to provide clarity on which positions the amendment would affect.

Later in the meeting, Supervisor Nyklewicz restated his amendment.

ACTION BY: (Nyklewicz) Amend the budget by denying the creation of two Economic Development Specialists and one Real Estate Assistant. 3-4 (FAILED)

AYES: Nyklewicz, Broderick, and McCue (Chair) - 3

NOES: Coggs-Jones, Mayo, Johnson, & West - 4

Supervisor Nyklewicz indicated that he would like the amendment to go forward to the Board.

ACTION BY: (Mayo) Approve the budget as amended. 4-3

AYES: Coggs-Jones, Mayo, Johnson, and West - 4

NOES: Nyklewicz, Broderick & McCue (Chair) - 3

Delores "Dee" Hervey

Delores "Dee" Hervey, Committee Clerk

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ORG. UNIT: 1933

BUDGET: Land Sales

FINANCE & AUDIT COMMITTEE HEARING DATE: October 20, 2005

CASSETTE NO. 10, SIDE B, #91

STAFF PRESENT:

County Board: Steve Cady
Department of Administration: Emily Van Dunk
County Executive: Ed Eberle

This budget was laid over on October 17, 2005.

ACTION BY: (Mayo) Approve Amendment 1C009 by Supervisors Mayo, West, Clark, Coggs-Jones, Borkowski, Weishan and Johnson as set forth below. 5-2

AYES: Coggs-Jones, Mayo, Johnson, Broderick, & West - 5

NOES: McCue & Nyklewicz (Chair) - 2

To amend the County Executive's 2006 Recommended Budget for Org. No. 1933 – Land Sales, by modifying the language on page 1933-1 as follows:

"Revenue from the sale of surplus County properties was budgeted in the Economic Development Division budget in the 2003 Adopted Budget. In 2004, this revenue was placed in a new non-departmental account, Org. Unit 1933-Land Sales. ~~Per adopted County policy, a~~ Any Fifty percent of land sale revenue received in excess of the amount budgeted in Org. Unit 1933 – Land Sales shall be placed in Org. Unit 1945 – Appropriation for Contingencies, 40% shall be placed in the Community and Economic Development Fund (CED) created by adopted county resolution File No. 04-492 and 10% shall be placed in capital account W0865 – Brownfield Redevelopment."

This amendment will not impact tax levy.

Org. No.	Department (or Capital Project)	Expenditure	Revenue (or Bonds)	Tax Levy
1933	Land Sales	\$0	\$0	\$0
TOTALS:		\$0	\$0	\$0

ACTION BY: (Mayo) Approve the budget as amended. 5-2

AYES: Coggs-Jones, Mayo, Johnson, Broderick, & West - 5

NOES: McCue & Nyklewicz (Chair) - 2

Delores "Dee" Hervey

Delores "Dee" Hervey, Committee Clerk

ORG. UNIT: 1950

BUDGET: Employee Fringe Benefits

FINANCE & AUDIT COMMITTEE HEARING DATE: October 20, 2005

CASSETTE NO. 10, SIDE B, #135

STAFF PRESENT:

County Board: Steve Cady

Glen Bultman

Department of Administration: Emily Van Dunk

Linda Seemeyer

County Executive: Ed Eberle

APPEARANCES: Charles McDowell, Director of Human Resources
Rae Anne Beaudry, Health Care System Consultants, Inc.
Veronica Britt, Department of Human Resources
Troy Hamlin, Director of Labor Relations
Jerome Heer, Director of Audit
William Domina, Corporation Counsel
Supervisor Roger Quindel (District 18)
Supervisor Lynne De Bruin (District 15)

This budget was laid over on October 11, 2005 as amended by Amendments 1C005 & 1C006, pending receipt of additional information.

Supervisor Coggs-Jones inquired about the DBE report that was requested from a previous meeting from the Department of Human Resources.

Mr. Cady indicated that Supervisor Coggs-Jones was seeking information on DBE vendors that are also being used for the Department on Aging for the WPS Contract. A verbal response was given by the Department of Human Resources but was going to be followed up with additional information.

Ms. Beaudry contacted WPS on the profit margin and they are currently working on this report. She did not have a report. Supervisor Coggs-Jones indicated that a discussion did occur between Ms. Whitelaw and herself but it was in reference to taking a tour of the facility.

Supervisor Coggs-Jones wanted to know about the actual percentages when the self-pay was removed. In addition, she wanted to know whether or not the same six DBE's utilized by the Department of Aging were being retained. A written report is needed.

The Actuarial Review prepared by Milliman, Inc., entitled *Analysis of Cost Impact of Proposed Changes to the Employee's Retirement System of the County of Milwaukee* (Revised October 17, 2005) (copy attached to original of these minutes) was distributed.

There was no representative from Milliman, Inc.

Mr. Heer commented on the Funding Review section (pg. 5) of this said document.

Chairman Nyklewicz wanted the record to reflect that the effect of deferring the payment as recommended by the County Executive would result in a "recommended" pension contribution of \$50 million or more for 2007. Mr. Heer indicated that was the conclusion of the report.

Supervisor McCue read the last paragraph on page six of the report that indicated, "another impact to consider is the intergenerational effect on taxpayers. Deferring this year's funding obligation has the effect of passing debt on to future taxpayers."

Questions and comments were directed to Mr. Eberle relative to the County Executive's stance on the issue. Mr. Eberle stated that the County Executive has been consistent and does not feel that the taxpayers should be paying for mistakes of the past.

Discussion continued on the pension fund benefits, future plans and the fact that there was no actuarial study done when the County Executive formulated his budget.

Mr. Eberle stated that no actuarial report was done.

Discussion continued on the under funding of the pension, structural deficit, thirty-year amortization, and lack of a plan to eradicate the pension issue.

Questions and comments continued on both defined benefits and contributions.

Mr. Domina addressed the liability issues as well as pension enhancements being taken away from vested employees. He stated that Wisconsin is considered to be more protective of the property rights of public employees relative to retirement benefits than most other states in the country.

Supervisor Nyklewicz asked Ms. Van Dunk if she had developed any scenarios with regards to alternatives for funding this obligation beyond the one selected by the County Executive and, if so, did she take into account what the unfunded liability does to the 2007 projected contribution of \$50 million.

Ms. Van Dunk responded that there was no actuarial study and it's beyond the scope of what her office is capable of doing.

Chairman Nyklewicz asked Ms. Seemeyer whether the Pension Board had been approached by the administration with regard to their position on the unfunded liability or projection on interest rate that they made with regard to their requested budget. Ms. Seemeyer indicated that there were informal approaches. Mr. McDowell indicated that the Pension Board did not want to go against the actuarial report.

Discussion continued at length on the unfunded liability and the fact that it only defers the expense to subsequent generations.

Chairman Nyklewicz expressed his frustrations regarding the issue.

Supervisor Quindel addressed the issue and indicated that all parties work together to take steps to develop a long-term solution.

Discussion ensued that there should be some alternatives and options from the administration.

ACTION BY: (McCue) Direct the Department of Administrative Services, County Board staff and Audit Department to prepare options for the Finance and Audit Committee and County Board on how to fund the pension at the 8.5% level.

Discussion ensued on who would take the lead on the report.

Supervisor De Bruin strongly recommended that the Committee not direct the County Board Research Staff to take the lead on the proposals that should come from the Administration as to options the Committee should look at. She further commented that she would like to see an independent answer from the Administration on how they plan to fix what they have now created.

ACTION BY: (McCue) Withdraw his initial motion and instead direct that two separate reports be submitted to the Finance and Audit Committee from the Department of Administrative Services and County Board Research Staff.

Discussion ensued on the timeliness of the report, research and money for the actuarial study.

Mr. Cady stated that a joint report is acceptable due to the short timeframe.

ACTION BY: (McCue) Withdraw his second motion and instead direct that a joint report be submitted with the Department of Administrative Services taking the lead in conjunction with County Board Staff.

Supervisor Johnson felt that the Audit Department should also be included. This was acceptable by both Mr. Heer and Supervisor McCue.

ACTION BY: (McCue) Direct that a joint report be submitted with the Department of Administrative Services taking the lead, in conjunction with County Board staff and the Audit Department's perspective, on alternatives and options on how to fund the pension contribution at the assumed rate of return of 8.5%. 7-0

AYES: McCue, Coggs-Jones, Mayo, Johnson, Broderick, West & Nyklewicz (Chair) – 7

NOES: 0

Discussion ensued with questions and answers on savings projected for health insurance.

Chairman Nyklewicz voiced his concerns about the plans for overall benefit reductions and savings contemplated in the 2006 budget by the County Executive. He requested that DAS and DHR provide a detailed report on how the projected savings were derived.

Supervisor McCue in Chair.

ACTION BY: (Nyklewicz) Lay over. 7-0

AYES: Nyklewicz, Coggs-Jones, Mayo, Johnson, Broderick, West & McCue, (Chair) – 7

NOES: 0

Delores "Dee" Hervey

Delores "Dee" Hervey, Committee Clerk

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ORG. UNIT: 1972

BUDGET: Wage Supplemental Account

FINANCE & AUDIT COMMITTEE HEARING DATE: October 20, 2005

CASSETTE NO. 11, SIDE A, #654

STAFF PRESENT:

County Board: Steve Cady
Department of Administration: Emily Van Dunk
County Executive: Ed Eberle

This budget was laid over on October 11, 2005 after having been previously amended by Amendment 1C005 (see Org. 1950).

ACTION BY: (Mayo) Lay over. 7-0

AYES: McCue, Coggs-Jones, Mayo, Johnson, Broderick, West & Nyklewicz (Chair) – 7

NOES: 0

Delores "Dee" Hervey

Delores "Dee" Hervey, Committee Clerk

ORG. UNIT: 1974

BUDGET: Milwaukee County Funds for the Arts

FINANCE & AUDIT COMMITTEE HEARING DATE: October 20, 2005

CASSETTE NO. 11 SIDE A, #660

STAFF PRESENT:

County Board: Steve Cady
Department of Administration: Emily Van Dunk
County Executive: Ed Eberle

ACTION BY: (Mayo) Lay over Amendment 1C008 by Supervisors Holloway, De Bruin, West and Nyklewicz as set forth below. 7-0

AYES: McCue, Coggs-Jones, Mayo, Johnson, Broderick, West & Nyklewicz (Chair) – 7
NOES: 0

By Supervisors Holloway, De Bruin, West and Nyklewicz

To amend the County Executive's 2006 Recommended Budget for Org. No. 1974 – Milwaukee County Fund for the Arts, by increasing expenditures \$25,000 for increased Concerts in the Park programming at Washington and Humboldt Parks and other parks as they develop concert programs in 2006.

This amendment would increase tax levy by \$25,000.

Org. No.	Department (or Capital Project)	Expenditure	Revenue (or Bonds)	Tax Levy
1974	Milwaukee County Fund for the Arts	\$25,000	\$0	\$25,000
TOTALS:		\$25,000	\$0	\$25,000

Delores "Dee" Hervey

Delores "Dee" Hervey, Committee Clerk